

Message Text

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ACTION ARA-10

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E.O. 11652: N/A

TAGS: ELAB, AR

SUBJ: LABOR AND THE NEW MIN OF ECONOMY

SUMMARY: CGT VIEWS MINECON AS IMPROVEMENT OVER GELBARD, BUT ACKNOWLEDGES THAT LABOR WILL NOT FARE TOO WELL UNDER HIS POLICIES. LABOR BELIEVES GOMEZ MORALES WILL DECREASE COMMERCIAL CONTACTS WITH SOCIALIST BLOC AND INTENSIFY THEM WITH WESTERN EUROPE, US, AND ARAB BLOC. END SUMMARY.

1. CGT EXECUTIVE BOARD MEMBER ALVAREZ, WHO ATTENDED OCT 22 CGT MEETING WITH MINECON GOMEZ MORALES, GAVE LABATT FOLLOWING SYNTHESIS CGT VIEWS ON GOMEZ MORALES AND HIS LIEKLY POLICIES. ALVAREZ SAID GOMEZ MORALES WAS GREAT IMPROVEMENT OVER GELBARD BECAUSE HE WAS "BOTH A PERONIST AND AN ECONOMIST, WHICH GELBARD WAS NOT". HOWEVER, ALTHOUGH THE CGT "ACCEPTED AND COULD WORK WITH GOMEZ MORALES", EH WAS DEFINITELY NOT LABORS CHOICE FOR THE SLOT, AS HE WAS NOT ONE WHO WOULD BEND UNDER CGT POLITICAL PRESSURE. DURING OCT 22 MEETING, GOMEZ MORALES TOLD CGT AND 62 ORGANIZATIONS LEADERS THAT THEY SHOULD NOT EXPECT HIM TO "FAVOR LABOR", AS HE WOULD BE HANDLING PORTFOLIO IN MANNER HE BELIVED CONDUCIVE TO BEST OVERALL INTERSTS OF COUNTRY. THAT SIGNIFIED THAT LABOR COULD NOT GET SALARY INCREASES AND OTHER

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BENEFITS AT LEVEL THEY POSSIBLY WERE ENTITLED TO UNDER SOCIAL

PACT CONCEPT OF SAFEGUARDING PURCHASING POWER.

2. WITH REGARDS TO GREAT COLLECTIVE BARGAINING NEGOTIATIONS (GRAN PARITARIA) PRESENTLY UNDER WAY, ALVAREZ SAID THAT ALTHOUGH LABORS STATISTICS INDICATED A 21 PC INCREASE WOULD BE NECESSARY TO RESORE LOST PURCHSING POWER, IT WAS AGREED THAT THEY WOULD NOT RECEIVE SUCH A LARGE AMOUNT. HE DECLINED TO ESTIMATE WHAT THE INCREASE WOULD BE AND SAID THATTHE WIDELY PUBLICIZED MEETINGS NOW BEING CARRIED ON BETWEEN CGT-CGE-GOA WERE JUST A "SHOW", AS LABOR WOULD ACCEPT WHATEVER FIGURE GOMEZ MORALES AND THE GOVERNMENT DECIDED WOULD BE GRANTED. N.B.- ALVAREZ OBVIOUSLY BELIVES THAT THE INCREASE WILL BE RELATIVELY DISTASTEFUL TO THE PUBLIC, AS HE SAID THAT THE CGT LEADERS WOULD HAVE TO LIVE WITH BEING CALLED "BUREAUCRATS, TRAITORS TO THE WORKERS, ETC.". NEVERTHELESS HE SAID THAT THE RAISE WOULD GET THE COUNTRY THROUGH TO JUNE 1975 WHEN NORMAL COLLECTIVE BARGAINING PROCEDURES WILL BE UNDERTAKEN ONCE AGAIN.

3. ALVAREZ SAID THE GOA ECONOMIC POLICY WOULD NOW SHIFT AWAY FROM INCREASING CONTACTS WITH THE SOCIALIST BLOC AND LOOK TO STRENGTHENING OF TIES WITH WESTERN EUROPE AND UNITED STATES. HE ALSO NOTED THAT THE REPLACEMENT OF GELBARD SOLVED A SERIOUS PROBLEM WITH THE ARAB COUNTIRES AS THEY RESUED TO INVEST IN ARGENTINA BECAUSE OF THE MIN OF ECONS ANCESTRY. HE EXPECTS MAJOR OVERTURES TOWARDS THE ARAB BLOC.

4. COMMENT: ALVAREZ'S COMENTS CONFIRMED EVALUATIONS OF GOMEZ MORALES AS EXPRESSED BY OTHER LABOR CONTACTS. WHILE LABOR IS NOT OVERLY ENTHUSED WITH THE APPOINTMENT, NEITHER IS IT LIKELY TO CREATE EXCESSIVE ROAD BLOCKS TO GOMEZ MORALES POLICIES.

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